

Department of Social Development (DSD) Annual Performance Report for the Period

(01 April 2019 – 31 March 2020)

**Presentation to the SCOPA on Unauthorised
Expenditure during this Financial Year**

17 October 2023

Contextual Analysis

- The 2019/20 financial year was concluded at a time when the country was already contending with the COVID-19 pandemic.
- The outbreak of the pandemic and the subsequent nationwide lockdown disrupted our efforts to conclude/finalize some of our targets as we had planned for in the same financial year.
- As a result of nationwide lockdown, SASSA had engagements with key stakeholders in preparation of the April 2020 payments to social grant beneficiaries.
- The key stakeholders like merchants, retailers and banks suggested that SASSA consider options to relieve the normal congestion experience on pay days
- The only option was to place the beneficiaries at an advantageous position which would be to shift the payment date earlier than 01 April 2020.
- The main issue was to allow beneficiaries to access grants over a little longer period to relieve the plan for the 1st of April 2020, thus allow a beneficiary preference pay day staggering.

Contextual Analysis Cont...

- The shift allowed the merchants and retailers to plan for adequate cash flow, social distancing, allow manageable numbers into their outlets over the period 30 March to 1 April 2020 instead of having more numbers on the same day 01 April 2020.
- Given the announced lockdown, no one knew the impact of the lockdown on access of social assistance grants, more beneficiaries could be congested on the 1st, thus bringing the payment file date forward was to relieve the expected congestion.
- It is common cause that those affected most by the lockdown as a result of COVID-19 were the poor, those working in the informal sector as they could no-longer engage in economic activity to sustain themselves. It was therefore incumbent on the department to consolidate all its poverty alleviation measures to provide immediate relief, and prevent the risk of hunger among the poor.
- In response, the department, and the rest of government had to adjust and change their plans in order to put more resources into tackling the health and socio-economic fallout of the pandemic. It was also in this context that SASSA had the foresight to pay the social grants earlier, in order to put money into the poor households as soon as possible to enable them to buy essentials for their

Contextual Analysis Cont...

- Based on this measure, the beneficiary numbers, it was envisaged they will be manageable at:
 - Merchants
 - Retailers
 - ATMs
- The purpose of the lockdown was to avoid or limit the risk of spreading Covid-19 and the payment of social grants was identified as one of the main key risk to the spread of COVID-19 given the millions of people that gather together at various paypoints/ service points.
- Therefore, control of the beneficiaries was deemed to be of utmost importance. Thus, implementing adequate mitigating measures in this regard was very necessary. This yielded results as the spread reported was contained for the period in question.
- **It is important to note that the early payment for the April 2020 grants were done in conjunction with the National Treasury and the NATJOINTS and based on a risk assessment that was done to prevent the spread of the pandemic through “super spreaders”. This was also done before the hard lockdown was implemented.**
- **Further action taken was to split the grant payments into different days as opposed to paying all at once.**

AGSA's AUDIT OUTCOME ON DSD PORTFOLIO

- Overall, DSD received a Clean Audit opinion from The Auditor General South Africa (AGSA) for the 2019/20 financial year.
- **The audit outcome is an improvement from the prior financial year audit outcome which was a qualification with findings.**
- **The financial statements improved from the 2018/19 as no material issues were identified in the 2019/20.**
- With regards to performance information, for the 8th consecutive financial year (2019/20), the Department retained its unqualified audit outcome on performance information.
- However, there were material misstatements in the annual report which were subsequently corrected. As a result of these corrections, **NO** material findings were raised on the usefulness and reliability of the reported performance information by the Department.

SOCIAL ASSISTANCE

PROBLEM STATEMENT/OBJECT OF CHANGE: Reduce levels of income poverty and inequality by expanding access to social security through monthly transfer of funds to SASSA for the provision of social grants to eligible beneficiaries.

TARGET/INTERVENTION

What did we develop/implement/reach?

“Monthly transfer of funds (‘000) to SASSA towards social grants”

ACHIEVEMENT

What did we do?

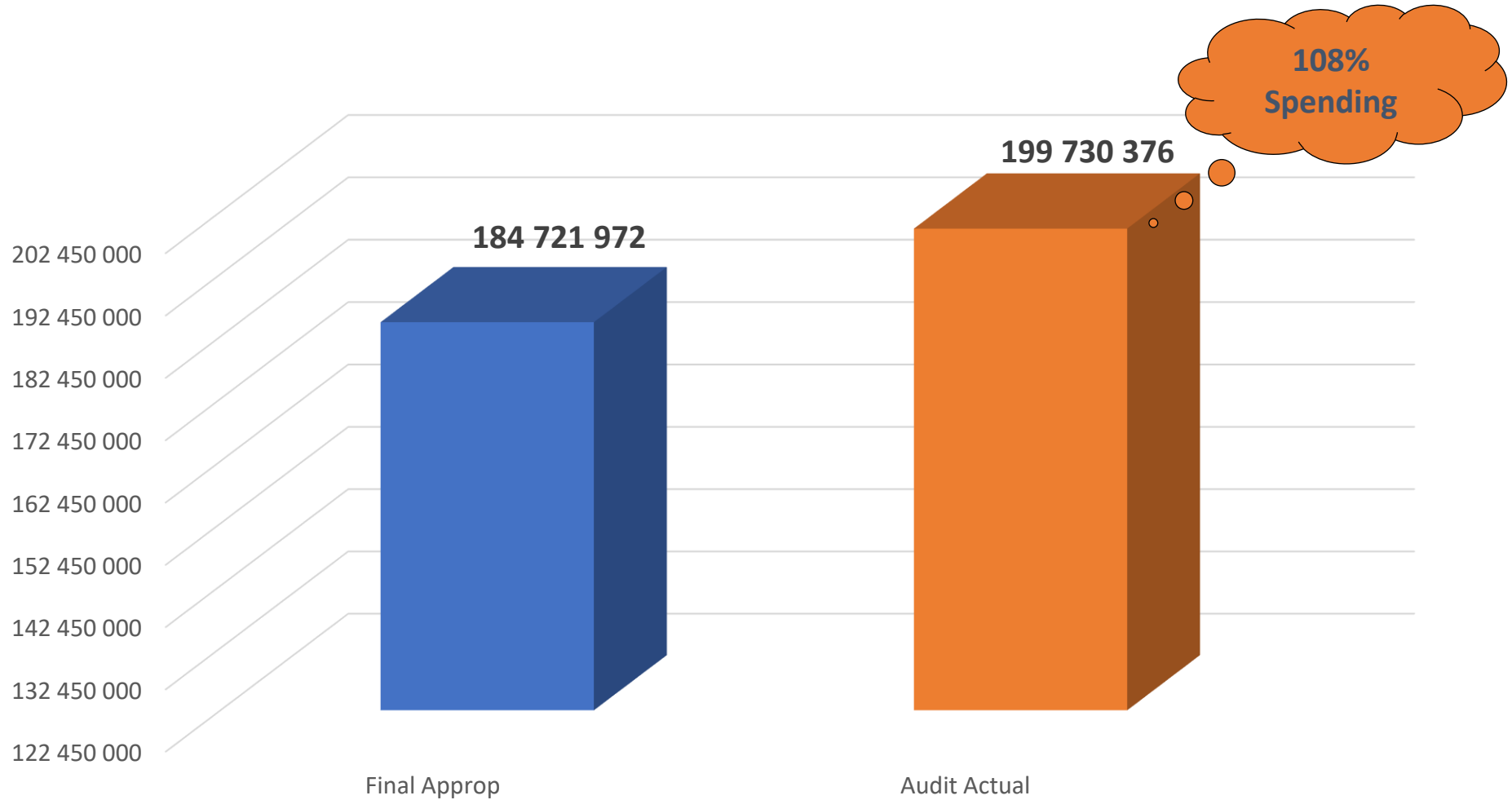
Over R190,291 billion was transferred to SASSA between April 2019 and March 2020

IMPACT OF THE INTERVENTION:

- The provision of social grants reduces poverty and contributes to the reduction of income inequality in the country. Empirical evidence shows that the Child Support Grant (CSG) contributes to improved school attendance, educational and attainment
- Social grants proved to be the most effective mechanism available to government to cushion millions of the most vulnerable individuals and households from the dire socio-economic impact of COVID-19

Part B: Annual Financial Statements

AUDITED ACTUAL EXPENDITURE – 2019/20



EXPENDITURE PER PROGRAMME

Appropriation per programme									
	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Voted funds and Direct charges									
Programme									
1 ADMINISTRATION	408 374	0	13 500	421 874	421 388	486	99.9%	391 746	361 367
2 SOCIAL ASSISTANCE	175 155 593	0	0	175 155 593	190 289 380	-15 133 787	108.6%	162 860 723	162 709 840
3 SOCIAL SECURITY POLICY AND ADMINISTRATION	7 688 916	0	-29 500	7 659 416	7 634 289	25 127	99.7%	7 877 021	7 840 561
4 WELFARE SERVICES POLICY DEVELOPMENT AND IMPLEMENTATION SUPPORT	1 055 807	0	16 000	1 071 807	979 201	92 606	91.4%	1 300 440	1 277 837
5 SOCIAL POLICY AND INTEGRATED SERVICE DELIVERY	413 282	0	0	413 282	406 123	7 159	98.3%	392 303	390 312
TOTAL	184 721 972	0	0	184 721 972	199 730 381	-15 008 409	108.1%	172 822 233	172 579 918
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				273 034				50 678	
NRF Receipts				-				-	
Aid assistance				31 260				27 728	
				185 026 266				172 900 639	
Actual amounts per Statement of Financial Performance (Total)									
Add:									
Aid assistance					1 147				26 541
Prior year unauthorised expenditure approved without funding									
Actual amounts per Statement of Financial Performance Expenditure					199 731 528				172 606 459

P 2 : SOCIAL ASSISTANCE

DEPARTMENT OF SOCIAL DEVELOPMENT VOTE 17 APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Programme 2: SOCIAL ASSISTANCE

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 OLD AGE	76 950 918	-	-	76 950 918	83 493 005	-6 542 087	108.5%	70 554 799	70 542 096
2 WAR VETERANS	1 733	-	-	1 733	1 762	-29	101.7%	2 766	2 380
3 DISABILITY	23 077 573	-	-	23 077 573	25 118 060	-2 040 487	108.8%	21 973 687	21 960 632
4 FOSTER CARE	5 080 800	-	-	5 080 800	5 397 740	-316 940	106.2%	5 137 389	5 114 211
5 CARE DEPENDENCY	3 429 783	-	-	3 429 783	3 598 470	-168 687	104.9%	3 080 438	3 068 028
6 CHILD SUPPORT	64 967 275	-	-	64 967 275	70 877 556	-5 910 281	109.1%	60 634 022	60 611 568
7 GRANT-IN-AID	1 237 511	-	-	1 237 511	1 400 090	-162 579	113.1%	999 422	994 205
8 SOCIAL RELIEF OF DISTRESS	410 000	-	-	410 000	402 697	7 303	98.2%	478 200	416 720
TOTAL	175 155 593	-	-	175 155 593	190 289 380	-15 133 787	108.6%	162 860 723	162 709 840
Economic classification									
Transfers and subsidies	174 904 693	-	-	174 904 693	190 040 841	-15 136 148	108.7%	162 860 723	162 709 840
Households	174 904 693	-	-	174 904 693	190 040 841	-15 136 148	108.7%	162 860 723	162 709 840
Payment for financial assets	250 900	-	-	250 900	248 539	2 361	99.1%	-	-
TOTAL	175 155 593	-	-	175 155 593	190 289 380	-15 133 787	108.6%	162 860 723	162 709 840

REASONS FOR OVERSPENDING

Social Assistance	<u>175 155 593</u>	<u>190 289 375</u>	<u>(15 133 782)</u>	<u>-8.64%</u>
Transfers and subsidies	174 904 693	190 040 836	-15 136 143	-8.65%
Payment for financial assets	250 900	248 539	2 361	0.94%

The over expenditure was a result of the disaster declared in March 2020 for the Covid-19 virus and SASSA announced that the 1 April 2020 social grants payable will be done on 30 March 2020, which implies that the expenditure to be recorded correctly in the Annual Financial Statements for the 2019/20 financial year.

APPROPRIATION STATEMENT IN AFS

- *P2 SOCIAL ASSISTANCE PROGRAMME*
- *The Programme recorded an overspending of R15.133 on Transfers and Subsidies for the 2020/21 financial year related grants payments moved forward to 30 March 2020.*

UNAUTHORISED EXPENDITURE - AFS

9. Unauthorised expenditure

9.1 Reconciliation of unauthorised expenditure

	<i>Note</i>	2019/20 R'000	2018/19 R'000
Opening balance			
As restated			
Unauthorised expenditure – discovered in current year (as restated)		15 133 788	-
Closing balance		15 133 788	-
Analysis of closing balance			
Unauthorised expenditure awaiting authorisation		15 133 788	-
Total		15 133 788	-

The unauthorised expenditure was due to the disaster declared in March 2020 for the Covid-19 virus. The payment date of social grants for 1 April 2020 was brought forward to be paid out on 30 March 2020. The implication was that expenditure budgeted for in April 2020 was paid out in March 2020 and no budget was available. This matter was discussed with National Treasury.



9.4 Details of unauthorised expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2019/20 R'000
SASSA social grants payable	National Treasury will regulate this over expenditure in the 2020/21 financial year	15 133 788
Total		15 133 788

This was a result of the disaster declared in March 2020 for the Covid-19 virus and SASSA announced that the 1 April 2020 social grants payable will be done on 30 March 2020, which implies that the expenditure to be recorded correctly in the Annual Financial Statements for the 2019/20 financial year

CORRECTION DONE – 2020/21

NON-ADJUSTING EVENTS AFTER REPORTING DATE – CORRECTION DONE IN 2020/21

- *The Department had a budget reduction of fifteen billion and four hundred and eighty million Rand (R 15.48 Billion) from the initial baseline budget for the 2020/21 financial year. It was reduced from one hundred ninety-seven billion seven hundred twenty million Rand (R197.72 Billion to one hundred eighty-two billion two hundred forty million Rand (R 182.24 Billion). This was a result of the overspending in the 2019/20 financial year.*
- *However, when the National Treasury presented the Supplementary Budget that is government's funding response of COVID-19 spending priorities, the Department received an additional twenty-five billion five hundred million Rand (R25.5 Billion).*
- *This amount was supplemented by fifteen billion four hundred eighty million Rand (R15.48 Billion) that was reduced from the baseline, and thereby bringing the total budget allocation for the COVID-19 response to forty billion nine hundred fifty-five million Rand (R40 955 Billion). This additional allocation responds to the R350- SRD grant paid to unemployed beneficiaries between the age of 19-59 and the additional top-up grants.*
- *This Department's budget was readjusted to two hundred and twenty-three billion one hundred and ninety-two million and one hundred and fifty-seven thousand Rand (R 223 192 157 000.00) for the current financial year (2020/21).*

Siyabonga

